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HOUSE BILL 1086

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO TAXATION; RAISING THE PRIVILEGE TAX IMPOSED
PURSUANT TO THE OIL AND GAS EMERGENCY SCHOOL TAX ACT ON THE
SEVERANCE OF OIL AND CERTAIN OTHER HYDROCARBONS REMOVED FROM
NATURAL GAS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-31-4 NMSA 1978 (being Laws 1959,
Chapter 54, Section 4, as amended) is amended to read:

"7-31-4. PRIVILEGE TAX LEVIED--COLLECTED BY
DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN
LIABILITY.--

A. There is levied and shall be collected by the
department a privilege tax on the business of every person
severing products in this state. The measure of the tax shall
be:

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underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 (1) on oil and on oil and other liquid
2 hydrocarbons removed from natural gas at or near the wellhead,
3 except as provided in Paragraphs (4) and (5) of this
4 subsection, [~~three and fifteen hundredths~~] four percent of the
5 taxable value determined pursuant to Section 7-31-5 NMSA 1978;

6 (2) on carbon dioxide, three and fifteen
7 hundredths percent of the taxable value determined pursuant to
8 Section 7-31-5 NMSA 1978;

9 (3) on natural gas, except as provided in
10 Paragraphs (6) and (7) of this subsection, four percent of the
11 taxable value determined pursuant to Section 7-31-5 NMSA 1978;

12 (4) on the oil and on other liquid
13 hydrocarbons removed from natural gas at or near the wellhead
14 from a stripper well property, one and fifty-eight hundredths
15 percent of the taxable value determined pursuant to Section
16 7-31-5 NMSA 1978, provided that the average annual taxable
17 value of oil was equal to or less than fifteen dollars (\$15.00)
18 per barrel in the calendar year preceding July 1 of the fiscal
19 year in which the tax rate is to be imposed;

20 (5) on the oil and on other liquid
21 hydrocarbons removed from natural gas at or near the wellhead
22 from a stripper well property, two and thirty-six hundredths
23 percent of the taxable value determined pursuant to Section
24 7-31-5 NMSA 1978, provided that the average annual taxable
25 value of oil was greater than fifteen dollars (\$15.00) per

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1 barrel but not more than eighteen dollars (\$18.00) per barrel
2 in the calendar year preceding July 1 of the fiscal year in
3 which the tax rate is to be imposed;

4 (6) on the natural gas removed from a stripper
5 well property, two percent of the taxable value determined
6 pursuant to Section 7-31-5 NMSA 1978, provided that the average
7 annual taxable value of natural gas was equal to or less than
8 one dollar fifteen cents (\$1.15) per thousand cubic feet in the
9 calendar year preceding July 1 of the fiscal year in which the
10 tax rate is to be imposed; and

11 (7) on the natural gas removed from a stripper
12 well property, three percent of the taxable value determined
13 pursuant to Section 7-31-5 NMSA 1978, provided that the average
14 annual taxable value of natural gas was greater than one dollar
15 fifteen cents (\$1.15) per thousand cubic feet but not more than
16 one dollar thirty-five cents (\$1.35) per thousand cubic feet in
17 the calendar year preceding July 1 of the fiscal year in which
18 the tax rate is to be imposed.

19 B. Every interest owner, for the purpose of levying
20 this tax, is deemed to be in the business of severing products
21 and is liable for this tax to the extent of his interest in the
22 value of the products or to the extent of his interest as may
23 be measured by the value of the products.

24 C. Any Indian tribe, Indian pueblo or Indian is
25 liable for this tax to the extent authorized or permitted by

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1 law."

2 Section 2. EFFECTIVE DATE.--The effective date of the
3 provisions of this act is July 1, 2005.

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